

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6213

BILL NUMBER: HB 1872

DATE PREPARED: May 9, 2001

BILL AMENDED: Apr 29, 2001

SUBJECT: Disputed Medicaid Hospital Claims.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: (CCR Amended) This bill requires the Medicaid Primary Care Case Management (PCCM) program and the Risk-Based Managed Care (RBMC) program to cover and pay for certain emergency and post-stabilization care services. The bill specifies reimbursement levels for certain emergency and post-stabilization care services. The bill also amends the definition of "emergency" for purposes of the Children's Health Insurance Program (CHIP). It also amends the definition of "professional health care provider" concerning a nonprofit health care organization.

This bill also removes the expiration provision from the statute requiring that, under the Medicaid PCCM program, certain physician services provided to a program enrollee in a hospital emergency department must be at a rate equal to 100% of rates payable under the Medicaid fee structure.

Effective Date: (CCR Amended) Upon Passage; July 1, 2001; January 1, 2002.

Explanation of State Expenditures: (Revised) This bill contains provisions which put the state into compliance with federal regulations for the Medicaid and the Children's Health Insurance Program (CHIP). Since federal regulations have precedence, any fiscal impact that might be associated with these provisions would be attributable to the federal regulations rather than this bill.

The bill also contains provisions which require the PCCM and RBMC programs to cover and pay for certain emergency and post-stabilization care services. Any expenditures that might occur outside of those attributable to federal regulations are not expected to be significant.

This bill also removes the expiration provision from the statute requiring that, under the Medicaid PCCM program, certain physician services provided to a program enrollee in a hospital emergency department must be at a rate equal to 100% of rates payable under the Medicaid fee structure. According to the Office of Medicaid Policy and Planning (OMPP), there is no significant fiscal impact able to be determined for this

provision as it relates to the PCCM program. Although this provision can potentially affect the Medicaid reimbursement rates used in some situations, it is assumed that generally: (1) emergency room physicians are able to and do seek prior authorization from the patient's primary medical provider before conducting the medical screening examination; or (2) Medicaid recipients can be induced to go to their primary medical provider for routine medical services rather than to a hospital emergency room.

The costs of the Medicaid program are shared with the federal government (Approximate cost shares are 62% Federal and 38% State.). The costs of the CHIP program are shared at an enhanced rate of approximately 73% by the federal government and 27% by the state.

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding federal reimbursement in the Medicaid and CHIP programs.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: